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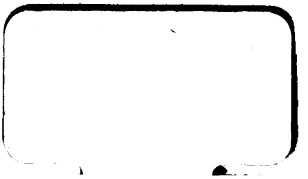

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STATE OF NEVADA

MINUTES OF MEETING

OF THE

State Board of Assessors

WITH THE

STATE REVENUE BOARD

Carson City, January 11 and 12, 1904

CARSON CITY, NEVADA
STATE PRINTING OFFICE, : : : : : ANDREW MAUTE, SUPERINTENDENT
1904

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SUMMARY OF VALUATIONS AS FIXED BY THE BOARD OF ASSESSORS, JANUARY, 1904.

Work Horses. Left to the Assessors.

Saddle Horses. Left to the Assessors.

Stock Horses. Left to the Assessors.

Work Mules. Left to the Assessors.

Stock Mules. Left to the Assessors.

Beef Cattle. Valuation placed at $25 per head.

Milch Cows. Valuation placed at $25 per head.

Stock Cattle. Valuation placed at $17 per head, except in Esmeralda, Lincoln, Nye, and White Pine; in these counties $15.

Thoroughbred Cattle. Left to the Assessors.

Sheep. Valuation placed at $2.50 per head.

Buck Sheep. Valuation placed at $5 per head.

Goats. Valuation placed at $5 per head.

Hogs. Left to the Assessors.

Telephone Lines. Left to the Assessors.

Telegraph Lines. Left to the Assessors.

Electric Light and Power Lines. Left to the Assessors.

Contract Lands. Left to the Assessors.

Central Pacific Railroad. Valuation placed at $15,500 per mile on the main track, and $5,200 on the side track.

Virginia and Truckee Railroad. Valuation placed at $8,250 on the main track, and $2,500 per mile on the side track.

San Pedro and Los Angeles Railroad. Valuation placed at $4,500 on the main track, and $1,500 per mile on the side track.

Nevada, California and Oregon Railroad. Valuation placed at $2,700 per mile on the main track, and $1,000 on the side track.

Carson and Colorado Railroad. Valuation placed at $2,800 per mile on the main track, and $1,250 on the side track.

Eureka and Palisade Railroad. Valuation placed at $1,900 per mile on the main track, and $1,000 on the side track.

Nevada Central Railroad. Valuation placed at $1,350 per mile on the main track, and $700 on the side track.

Quartette Railroad. Left to the Assessor of Lincoln County.

Pioche and Pacific Transportation Road. Left to the Assessor of Lincoln County.

Glasgow and Western Exploration Company. Left to the Assessor of Humboldt County.

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MINUTES OF ASSESSORS' MEETING, 1904.

FIRST DAY.

CARSON CITY, NEVADA, January 11, 1904.

Meeting called to order by the Chairman, Governor Sparks, at 11:40 a. m., January 11, 1904.

There being a quorum present, the Secretary, W. R. Davis, was ordered to call the roll, and the following answered to their names:

C. Wightman	Churchill County
William McCormick	Douglas County
J. Eggers	Elko County
W. A. Ingalls	Esmeralda County
W. J. Hooper	Eureka County
J. W. Guthrie	Humboldt County
William Easton	Lander County
John Roeder	Lincoln County
D. P. Randall	Lyon County
James G. Cushing	Nye County
William Kinney	Ormsby County
W. S. Beard	Washoe County
A. C. House	White Pine County

James Quirk of Storey County was absent at roll call, but came in just before adjournment.

Of the State officers acting with the Assessors' Board under the law, there were present Governor John Sparks and Attorney-General James G. Sweeney.

It was suggested that the meeting adjourn until afternoon, when Mr. Quirk would be present, but no action was taken.

The Chairman called for the reading of the law under which they were acting.

The Attorney-General read the law as follows:

The Attorney-General—Mr. Chairman and Gentlemen of the Board of Assessors: The law under which you convened here a year ago, and under which we operated last year, was, as you are all aware, amended in certain respects at the last session of our Legislature. All of those obstacles that tended to hinder progress, and all those ambiguous phrases and sentences which had a tendency to confuse, have been

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remedied. All of those objections which were interposed to the constitutionality of the law in the suit instituted against your Board in the United States Court, before Judge Hawley, and successfully sustained, have been removed. I believe that we have now before us a law under which we can act with fairness and precision and without fear or hesitation of what you do being undone or held unconstitutional. The law in itself is simple and effective, and I believe one of the best revenue measures that has graced our statutes to date. The law as enacted, and under which we will proceed and be guided for the ensuing two years is as follows:

SECTION 1. The County Assessors of the several counties of this State shall meet for a period not exceeding ten days in the office of the Governor, at Carson City, Nevada, on the second Monday in January of each year, and shall, at such meetings establish a valuation throughout the State of all railroads and rolling stock of such railroads, of all telegraph and telephone lines, of all electric light and power lines, of all cattle and sheep, and upon all other kinds of property which, in the judgment of said Assessors, can be valued and assessed more uniformly by said Assessors, acting collectively, than by the several County Assessors acting separately; *provided*, that, in fixing such valuations, the location and situation of such property shall be considered; *and, provided further*, that nothing herein shall be so construed as to impair the right of the Board of Equalization of any county to equalize taxes on all property, the valuation of which has not been fixed at the annual meeting of the County Assessors as provided in this section; but the said County Board of Equalization shall not have the power to equalize any property upon which a valuation has been placed by the said Board of County Assessors; *provided*, any taxpayer, under the provisions of this Act, shall not be deprived of any remedy or redress in a court of law relating to the payment of taxes.

This first section, as you will see, takes away the Constitutional objection that was interposed by the Southern Pacific Railroad that you did not uniformly classify the property, at your meeting in 1901, it being, therefore, unconstitutional. It provides that you may assess any piece of property you may desire, calling it by name without classifying. Any valuation that you may fix on it must be assessed and carried out by the Assessor. The Board of Equalization has no power to change or alter any valuation that you may place upon it collectively.

SECTION 2. At such meetings the Governor shall be the Chairman and the Governor's Secretary shall be the Clerk. The Governor shall have the casting vote in case of a tie. The State Controller shall supply all information and data concerning the finances of the State, either on his own motion, or at the request of the Board. Eight Assessors shall constitute a quorum for the transaction of business, and a majority of the entire Board shall decide any question before the meeting; *provided*, that in case of a tie on any question before the Board, the Chairman shall cast the deciding vote; and it is hereby made the duty of every Assessor present at the meeting of said Board to vote aye or no,

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upon every question put by the Chairman of said meeting, and every Assessor failing so to do shall forfeit his office and shall be proceeded against by the District Attorney of said Assessor's county, at the request of the Attorney-General to enforce said forfeiture; *provided*, that, if at any meeting the Assessor of any county shall, by reason of sickness or other unavoidable cause, be unable to attend any such meeting, then, in that event, the Chairman of the Board of County Commissioners of such counties shall attend such meeting, and shall act and vote in the place of such absent Assessor, with the same force and effect as such Assessor might do if present, and the Governor or Acting Chairman of said meeting shall be and hereby is authorized to issue a subpena for the attendance of any Assessor who shall fail to attend, unless excused by the provisions of this Act. And he is hereby further empowered to deputize anyone who is qualified by law to serve a summons to serve the same; *and, provided further*, that if at any meeting the Governor or his Secretary shall, for any reason, be unable to act as Chairman or Clerk, then, in that event, the State Controller shall act as Chairman, and in case the State Controller shall also be absent, then the Attorney-General shall act as Chairman, and as such Chairman shall have all of the powers herein granted to the Governor acting as such Chairman. Any Assessor who shall fail to attend the meetings provided for in section one, unless he is prevented by sickness or other unavoidable cause, shall be subject to a penalty of $500, to be collected in a suit instituted against said delinquent Assessor or his bondsmen by the District Attorney of the county of said Assessor, on the request of the Attorney-General; and shall be further subject to removal from office, should a majority of the State Board of Revenue hereinafter created order proceedings to that effect to be instituted.

SECTION 4. The valuation fixed at such annual meetings shall be the actual cash value of all such property as may be designated, as now provided by law, taking into consideration the locality of such property, and the Assessors of the several counties shall assess and enter upon the assessment rolls of their respective counties all such property at the valuation designated by such meeting of the County Assessors, and shall fix the value and assess all property not so valued at said meetings in the manner now provided by law.

Any property that you gentlemen as a Board acting collectively do not assess, any individual Assessor may assess at his own discretion.

SECTION 5. The valuation fixed at such annual meetings shall be uniform on all such property as may be designated, except in cases where the value is affected by its locality or other consideration affecting its cash value; and the Assessors of the several counties of the State shall fix the values on all property not so valued at said annual meeting, in the manner now provided by law.

SECTION 11. It shall be the duty of each County Assessor to fix the valuation of all property which may be assessed by him at the valuation placed upon the same kind of property at the regular annual meeting of Assessors for the State.

SECTION 13. Should any Assessor in this State neglect to assess property in accordance with the provisions of this Act, or laws now in force or effect, or place a greater or less valuation on any property that has been fixed at said meeting of Assessors, the State Board of Revenue,

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which is hereby created, consisting of the Governor, State Controller, and Attorney-General, shall instruct the District Attorney of said Assessor's county to bring suit against such Assessor and his bondsmen for the sum of five hundred dollars as a penalty therefor, which said sum, when collected, shall be paid into the General Fund of the State Treasury, and such Board may instruct the Attorney-General to request the District Attorney of said Assessor's county to institute suit against such Assessor for his removal from office for such neglect or refusal. The suit shall be tried in the District Court having jurisdiction in the county where property is situated.

After the reading of the law Mr. Kinney moved to adjourn until 2 o'clock.

The Chairman stated that the Board of Pardons would meet in that office at 2 o'clock and suggested 3 o'clock as a better time.

Motion to adjourn till 3 o'clock carried.

Afternoon Session.

Meeting called to order at 3:15 p. m. by the Chairman, Governor Sparks.

Roll called. All present with the exception of Mr. House of White Pine County, who was excused at the request of Mr. Beard.

The Chairman—I believe the first thing to do is to appoint a Committee on the Order of Business, and I will name Mr. Randall of Lyon County, Mr. Ingalls of Esmeralda County, Mr. Beard of Washoe County, Mr. Eggers of Elko County and Mr. Hooper of Eureka County. You may select your own Chairman.

Mr. Kinney moved to adjourn until 10 o'clock to-morrow morning to give the Committee time to meet and attend to the business before them.

Amended to meet at 10:30, and carried.

Adjourned until 10:30 to-morrow morning.

SECOND DAY.

CARSON CITY, NEVADA, January 12, 1904.

Meeting called to order by the Chairman, at 10:45 a. m.

At roll call all the members answered to their names.

The full State Board of Revenue was present.

The Committee on Order of Business submitted the following order, which was unanimously adopted:

1. Work Horses.
2. Saddle Horses.
3. Stock Horses.
4. Work Mules.

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5. Stock Mules.
6. Beef Cattle.
7. Milch Cows.
8. Stock Cattle.
9. Thoroughbred Cattle.
10. Sheep.
11. Buck Sheep.
12. Hogs.
13. Telephone Lines.
14. Telegraph Lines.
15. Electric Light and Power Lines.
16. Contract Lands.
17. Railroads, classified as follows:
    1. Central Pacific Railroad.
    2. Virginia and Truckee Railroad.
    3. San Pedro and Los Angeles Railroad.
    4. Nevada, California and Oregon Railroad.
    5. Carson and Colorado Railroad.
    6. Eureka and Palisade Railroad.
    7. Nevada Central Railroad.

(Signed by Mr. Randall, Mr. Eggers, Mr. Beard, Mr. Ingalls and Mr. Hooper, Committee.)

The Chairman asked if it was their desire to begin at the head of the list and continue in the order named. Upon being answered in the affirmative, the first order of business was called.

1. Work Horses.

Upon motion of Mr. Eggers the valuation on work horses was left to the various County Assessors.

2. Saddle Horses.

Mr. Kinney moved that saddle horses follow the same course.

Motion carried.

3. Stock Horses.

Valuation left to Assessors, by a vote of 11 to 3.

4. Work Mules.

Valuation left to the Assessors.

5. Stock Mules.

Valuation left to the Assessors, by a vote of 11 to 3.

6. Beef Cattle.

Mr. Beard of Washoe moved to place the valuation of beef cattle the same as it was last year, at $25 per head.

Motion carried.

7. Milch Cows.

Mr. Beard moved that the valuation of milch cows be placed at $25 per head.

Motion carried by a vote of 11 to 3.

8. Stock Cattle.

Mr. Wightman moved to place the valuation at $14 per head.

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Motion lost by a vote of 3 to 11.

Mr. Guthrie moved to place the valuation at $15 per head.

Mr. Eggers—Last year I believe stock cattle were placed at $17 per head, except in Esmeralda, Lincoln, Nye, and White Pine, which were $15. I think there should be an advance this year, except in these counties that are further from the market. I understand by this motion we place cattle at $15 throughout the State.

The Chairman—There is certainly a great difference in the value of cattle.

Mr. Roeder—There is a poor class of cattle in Lincoln County.

Mr. Ingalls—I think about $16 and $14 would be the right valuation.

Mr. Eggers—I understand that we are here to hold up the valuations in order to lower the rate. While I am not against any taxpayer in the State, I do not understand how in the world we are going to keep up the valuations if we start in to cut them down. I do not see where we can get our revenue if we cut the valuations, and the law says to raise it. If you do it with one class of property, why isn't it the same with any other class? While I am here in all good faith and not against any class of property, it seems to me that $2 a head cut on stock cattle is too much. I do not understand that cattle are so much lower in the State, except in the lower counties. I am willing to concede that. I would like to hear from the other Assessors before the motion is carried.

Mr. Easton—I am of the same opinion as Mr. Eggers. In my county you will never be able to raise revenue and lower the rate. There are one or two classes of property in my county that we can hold up the valuations on, that is stock animals and a corporation or two. We cannot raise on the mining camps that are not paying. The stock cattle in our county will sell for $17 or $18 per head, and I think the value should be left as it was last year.

The Attorney-General—In line with the suggestion of Mr. Eggers of Elko County I would like to say that we have with us to-day our Tax Examiner, who has been appointed for the purpose of making a tour of this State, and who has spent a great deal of time in figuring out just how much revenue we have to add in order to minimize the rate according to the new law, and I would suggest that the Chairman invite Mr. Bartine to address us on that point. I believe that it would prove of value to you in the work that is to follow.

Mr. Bartine—I have no lengthy speech to make to you, but, since I have been invited, I will say a word to you on the point immediately under discussion. I have recently made a tour of this State, and I have been in all the counties except Churchill and Lincoln, where the law does not provide that I should go. There must be an advance in the valuation in order to meet the reduction in rate. If the valuations

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remain where they are you cannot make good the revenue unless there is new property coming in. It seems to me the valuation of cattle should not have been reduced. As was remarked by Mr. Easton of Lander County, it is a difficult matter to get anywhere near all the cattle. I do not think you could get half of them. That statement has been made to me in the different counties through which I have traveled. It seems to me that there should be a small progressive increase all along the line. I have figured out what advance of valuation would be necessary to make good the reduction of the rate. With your permission I will read it.

In Churchill County the rate last year was 85 cents on the hundred dollars valuation. We have got to figure on the county rate. If we figured on the entire State and county rate, we would leave the county with insufficient revenue. Of course, if we figure on the county rate, it will bring a little more money into the State Treasury. In Churchill County the rate for the current year will be 80 cents. At that reduction, property that was assessed last year at $1,000 will have to be assessed this year at $1,062.50.

In Douglas County the rate was $1.75. This year it will be $1.65. Where the rate is more than $1.50, it is lowered 10 cents; less than that, 5 cents. To raise the same money the thousand dollars valuation will have to be raised $60.

In Elko County the present rate is 65 cents; the current year it will be 60 cents. To raise the same amount of money, you must make the thousand dollars valuation $1,083. They have a low rate and a cut of 5 per cent requires a larger percentage of the current rate.

In Esmeralda County we have a rate of $2.10. For the present year the rate will be $2. To raise the same money the thousand dollars valuation must be raised $50.

In Eureka County the rate is $1.70. This will require a raise of $62 on the thousand.

In Humboldt County the rate is $2.10. This will require a raise of $47.

In Lander County the rate is $2.80. Their raise must be $37 on the thousand, because they have a very high rate.

In Lyon County the rate now is $1. Next year it will be 95 cents, which will need a raise of $52 on the thousand.

In Nye County the rate is $3. A raise of $34.80 will be required.

In Ormsby County last year's rate was $1.45. This year it will be $1.40, requiring a raise of $35.70.

In Storey County the rate is $2.20, requiring a raise of $47 on the thousand.

In Washoe County the rate is reduced from 80 cents to 75 cents, and the raise will have to be $66 on the thousand.

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In White Pine County the rate is reduced from $2.60 to $2.50, and requires a raise of $40 on the thousand.

Now, it seems to me that these figures are important for you to take into consideration. Of course, the more valuation you place on cattle, the more money you will get, if you get all the cattle. I believe, if you leave the valuation of cattle where it is, or if you should reduce it, you would not get any more cattle than you do with the higher rates. It seems to me, if you are going to harmonize the valuation with the rate of taxes, that it is a prime necessity for you to raise the valuations a little all along the line. The figures here show that it is not going to add a hardship on anyone, if you make the raise uniformly. No one will have any right to complain.

The Chairman—Last year the value was placed at $17 per head, except in Esmeralda, Lincoln, Nye, and White Pine, where it was $15. Maybe some of you did not remember the rate last year. The counties north of the railroad were $17.

Mr. Kinney—I believe there is an old law standing to the effect that you cannot assess property at more than its cash value. I know of stock cattle that have been sold for $13. A man from Wellington was offered $23 for his cattle last spring, but had to sell them for $14 per head in the fall. It is the same everywhere. We cannot assess cattle for more than they are worth.

The Chairman—I think under this law we will have to do it.

The Attorney-General—In relation to the actual cash value, of course that is the true test as to the value of the property. The assessment should be made according to the actual cash value, but we all know that it has never been done in the history of the State, and I do not think you are going to do it now. In the eye of the law there is no other way to assess but the true cash value. That is your true guiding star. As Mr. Bartine has suggested, this law is for the purpose of raising the valuation and decreasing the rate. As he has well explained to you, by raising the cattle more and reducing the rate, to make up this small decrease, they will not be paying any more taxes than they did last year. If cattle are assessed at $17 in a county where the rate is $2.20, by raising the cattle to $17.50 and reducing the rate to $2.10, you will not be taking any more of this man's money than you did before. We must make a slight increase in valuation all along the line to meet this reduction of the rate. If this is done, no one will have cause to complain.

Mr. Guthrie—Stock cattle are like everything else. The prices go up and down. They are selling for $15 in our county and for $12 in Churchill. How in the world are you going to assess them for $17 per head when they sell for these figures? We have got to make this up on something else. We cannot assess a $14 cow for $17.

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Mr. Cushing—I would like to ask the Attorney-General about this new law. Does the decrease in rate affect our county? I understand there was a law somewhere enacted a few years ago that in Nye County the rate cannot be changed only by an Act of the Legislature.

The Attorney-General—This was passed by the last Legislature and all Acts previous to this one have been repealed. This is the law you are to be governed by now, no matter what others have been passed before. Others in conflict with it have been repealed. The State rate has been fixed by the Legislature at 75 cents, and the county revenue will have to be raised in order to keep up the business of the county in proportion to the decrease that is made by this Act. Each county rate will be lowered from $1.50 to $1.45 this year. Where it is more than that, the rate will be lowered 10 cents, and the raise will have to be made somewhere. Of course, where property is not worth so much, you cannot assess it for more than its actual worth. You should figure on the whole so as to meet this decrease in the rate, and in so doing you should take into consideration the proper increase to make the increase proportional. You should make the raise according to the value of the property. Give the property that has gone ahead a greater raise so as to make up the raise that is necessary to make the revenue.

Mr. Bartine—It strikes me that it will not quite fit the case to say that in some counties stock cattle have been sold for $12 a head. As Mr. Guthrie says, cattle are going up and going down, and you cannot take the very lowest price at which cattle are sold, and say that it is a fair price for cattle in general. It seems to me that it is hardly fair to assume that the lowest price must be taken for the purpose of taxation. If you undertake to value cattle at all, you must strike a fair average between the lowest and the highest price.

Mr. Randall—I believe there is a motion before the house; if not, I move to take stock cattle up later on, and proceed with the report.

Motion lost by a vote of 5 to 9.

Mr. Randall—I move that we assess stock cattle at $17 per head, except in four counties, and leave them at $15.

Mr. Ingalls—It seems to me if we comply with this law we ought to raise the valuation about 50 cents per head. I think that would be enough.

The Chairman—If you make any raise you ought to go more than 50 cents a head.

Mr. Ingalls—You can't compel a man to pay more than the actual cash value. I believe the intention of this law is to raise the valuation where they can stand it. I do not believe that beef cattle, milch cattle, and stock cattle can stand it. Last year they were placed at very near the actual cash value. This year they seem to be a little more. I think there is other property that can stand it better. Where property

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has advanced a few points, we can make a raise. I do not think we ought to raise property whether it can stand it or not.

The Chairman—Do you think other property has advanced any? Some people say that land is not worth as much as it was a year ago. If you are going to make any raise, I think you had better start in now. We are sure about the law. I will say that cattle are lower now than they were a year ago, in this State and over the whole United States. We have never had a worse beef year than we have now. Beef animals that were $25 last year are bringing about $8 or $10 now in the Eastern markets. I was not speaking so much of the Coast. We have a fair market in California. I know that stock cattle have fallen off $4 or $5 a head. How are we going to get around this law?

Mr. Hooper—While I believe a number of the Assessors when they state that the cattle are lower than they were a year ago, I do not agree with the statement that, when the rate was fixed at $17 a head in some counties and $15 in others, they were fixing it at the actual cash value or anywhere near it. You take an average of the cattle of this State, and I believe you will find most of them average more than $17 per head. If a person were buying cattle, he would find he would pay more than that. This law compels us to make a raise. We cannot raise property above its actual cash value. I believe that cattle are worth more than $17 per head. Any stock cattle are worth $17 a head or a little more, and we had better have it the same as it was last year, if the cattle are not quite as valuable as they were. Therefore, I move to fix the valuation at $17 and $15, the same as last year.

Motion seconded and carried by the following vote:

Yeas—Douglas, Elko, Esmeralda, Eureka, Lander, Lyon, Lincoln, Nye, Storey, Washoe, White Pine—11.

Nays—Churchill, Humboldt, Ormsby—3.

9. Thoroughbred Cattle.

Left to the various County Assessors by a vote of 13 to 1.

10. Sheep.

Upon motion the valuation of sheep was placed at $2.50 per head.

11. Buck Sheep.

Valuation placed at $5 per head.

12. Hogs.

A motion was made to place the valuation of hogs at $4 per head.

Mr. Randall suggested that it was hard to place a set value on hogs, as they differed so in size and value. He moved that they be left to the Assessors.

Motion carried.

13. Telephone Lines.

At this point Mr. Easton of Lander County asked that goats be placed on the order of business, as it had been overlooked by the Com-

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mittee. After slight discussion, the Secretary was ordered to insert "Goats" in the order of business.

Mr. Beard—I should like to ask Mr. Easton what goats are worth. They seem to be all in his county. I found a few in my county two years ago and assessed them at $5 per head.

The Chairman—I think that is too low for goats. Most of those we have in the State are Angora goats, and they are more valuable than that. All that we have are very fine. They ought to be assessed high enough. I know of a band that you could not buy for $10 a head.

Mr. Ingalls—I think you should classify goats, as some are better than others.

Mr. Easton—All our goats are good ones.

Mr. Kinney moved that the valuation be placed at $5 per head.

Motion carried.

13. Telephone Lines.

Mr. Beard moved that telephone lines be left to the Assessors in the counties where they may be.

Mr. Ingalls—I should like to ask what telephone lines are worth. I have assessed them in my county for three and four hundred dollars a mile. I want to know what the others do. In Storey County they are assessed at $150 per mile in the city limits and $50 outside the limits.

Upon motion, telephone lines were left to the various Assessors.

14. Telegraph Lines.

Mr. Kinney moved that telegraph lines take the same course.

Mr. Ingalls—I would like to know how they are assessed. Year before last I assessed them at $100 a mile and last year reduced them to $85.

A slight discussion ensued regarding the manner of assessing them, according to the number of wires, the size and quality of the wires, etc.

Upon motion it was left to the Assessors, by a vote of 11 to 3.

15. Electric Light and Power Lines.

Upon motion they were left to the Assessors.

16. Contract Lands.

Motion to adjourn until 2 o'clock carried.

Adjourned at 11:45 a. m.

Afternoon Session.

Meeting called to order at 2 o'clock by the Chairman.

Roll called. All present.

The next order of business taken up.

16. Contract Lands.

Mr. Cushing—In placing the valuation on contract lands, I believe it depends largely upon where the land is located. In Nye County, I

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think there is more contract land than in any county in the State. Some of it lies near where the Salt Lake and Los Angeles road runs, and I think it is more valuable there than it is in other parts of the State. Therefore I move that these lands be left to the Assessors.

Motion carried.

17. Railroads.

1. The Central Pacific Railroad.

Mr. Cushing—I would like to ask the Attorney-General about calling the road by name in this way.

The Attorney-General—This new law was made for the purpose of doing away with that obstruction through which the Central Pacific Railroad won a suit against the State two years ago. Now we can take up any piece of property and call it by name as we want to. That is why the law was changed.

Mr. Beard moved that the valuation be placed at $15,500 per mile.

Mr. Kinney—I wish to amend that motion. I believe the road is mortgaged for $120,000 per mile, and it ought to be assessed for more. I amend the motion to place the valuation at $17,000 per mile.

Amendment lost by the following vote:

Yeas—Douglas, Lyon, Nye, Ormsby, Storey—5.

Nays—Churchill, Elko, Esmeralda, Eureka, Humboldt, Lander, Lincoln, Washoe, White Pine—9.

Original motion to place the valuation at $15,500 per mile carried by the following vote:

Yeas—Churchill, Douglas, Elko, Eureka, Humboldt, Lander, Lincoln, Washoe, White Pine—9.

Nays—Esmeralda, Lyon, Nye, Ormsby, Storey—5.

Mr. Beard moved to place the valuation on the side track at $5,200 per mile.

Mr. Cushing moved to amend by placing the side tracks at $6,500 per mile.

Amendment lost by the following vote:

Yeas—Douglas, Esmeralda, Lyon, Nye, Ormsby, Storey—6.

Nays—Churchill, Elko, Eureka, Humboldt, Lander, Lincoln, Washoe, White Pine—8.

Original motion (valuation at $5,200 per mile on the side track) carried by the following vote:

Yeas—Churchill, Douglas, Elko, Esmeralda, Eureka, Humboldt, Lander, Lincoln, Washoe, White Pine—10.

Nays—Lyon, Nye, Ormsby, Storey—4.

2. Virginia and Truckee Railroad.

Mr. Kinney moved to place the valuation at $7,000 per mile.

Mr. Beard moved to amend by placing the valuation at $8,250 on the main track.

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Mr. Kinney—I do not want that to prevail. Here is a little one-horse road that is assessed for three times its real value, and a road that is worth $150,000 a mile is put in at $15,500.

Mr. Cushing—What was the rate last year? $8,000.

Motion on the amendment, $8,250, carried by the following vote:

Yeas—Churchill, Douglas, Elko, Esmeralda, Eureka, Humboldt, Lander, Lincoln, Nye, Washoe, White Pine—11.

Nays—Lyon, Ormsby, Storey—3.

Mr. Beard moved to place the valuation of the side tracks at $2,500 per mile.

Motion carried.

3. San Pedro and Los Angeles Railroad.

Mr. Roeder moved that the valuation be placed at $4,500 a mile on the main track and $1,500 on the side track.

Mr. Cushing—What was it assessed for last year?

The Attorney-General—$4,500 and $1,500.

Mr. Cushing—It seems to me there is a lot more traffic on the road this year. I move to amend, and assess the main line at $5,500 and the side track at $2,000.

Mr. Ingalls—How many miles of the road are there?

Answer—Forty miles. There are about 18 miles of new road, but they are not using that now.

Mr. Guthrie—There is a gentleman here from Lincoln County, and I would like to hear from him.

Mr. Freudenthal was called upon and addressed the meeting as follows:

Mr. Chairman and the Board of Assessors: I represent the San Pedro and Los Angeles road. They are at present operating in the county about 40 miles of railroad. Going to Calientes there are 18 miles finished at the present time. They expect to complete the road in our county by the first of the year, giving us 240 miles. The only increase in traffic is by virtue of the travel going on over the new line. The intention of the company is to take up all the light track and re-lay it with heavy steel rails. They are under very heavy expense at present, and they feel that the taxes they have been paying are about just, and they are perfectly willing to pay that tax.

We have received no advances from the county. The bonds have never been received from the county. By virtue of the work that is going on there our revenue has increased to such an extent that at the beginning of this year, for the first time in twenty-five years, our county is upon a cash basis. Previous to this time only once in the last twenty-five years has our county been anywhere near out of debt, and that was five years ago. At the end of this year every fund was on a cash basis. They don't appear, under this law with the reduction

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of 5 or 10 per cent. They have already made their rate, and it is the same as last year. It is $3.40. I was there at the meeting of the Board, and it was thought necessary to have a rate that would meet the expenses of the current year, on account of the election coming on. With the rate of $3.40 and the increase of property by virtue of the contractors, and there is nothing else down there to bring in so much, there will be plenty to run the county government. So that the valuation of Lincoln County, with the increase of property along the line of the railroad, will show an increase in our assessment roll of not less than 20 per cent.

I ask the Board to consider this matter, and leave the valuation of the railroad as it was before—$4,500 and $1,500.

The Attorney-General—Do you represent the San Pedro road?

Mr. Freudenthal—Yes, sir.

The Attorney-General—Have you any knowledge as to whether they intend to apply again for the two-thousand dollar bounty offered in the Act of 1899?

Mr. Freudenthal—We applied two years ago. The law required that a petition be signed by one-half the taxpayers. The matter was taken up and presented to the taxpayers of Lincoln County, but the necessary number of signatures was 629 and the best we could do was 315, so they dropped it. I do not know that they will try for it again.

Question called on the amendment, to place the valuation at $5,500 and $2,000 a mile.

Mr. Cushing—Mr. Freudenthal says that they are going to re-lay the track with heavy steel rails, which ought to make it worth more than it was last year.

The Chairman—It looks to me as though we ought not tax that road any more than we did last year. They are building the road through a very difficult piece of property. I think we ought to encourage railroad building in this State.

Amendment lost by the following vote:

Yeas—Lander, Nye, Ormsby, Storey—4.

Nays—Churchill, Douglas, Elko, Esmeralda, Eureka, Humboldt, Lyon, Lincoln, Washoe, White Pine—10.

Original motion, to place the valuation at $4,500 and $1,500, carried by the following vote:

Yeas—Churchill, Douglas, Elko, Esmeralda, Eureka, Humboldt, Lander, Lyon, Lincoln, Nye, Storey, Washoe, White Pine—13.

Nays—Ormsby—1.

4. Nevada, California and Oregon Railroad.

Mr. Beard moved that the valuation of the main track be placed at $2,700 and the side track at $1,000 per mile.

Motion carried.

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5. Carson and Colorado Railroad.

Mr. Ingalls requested that a recess of ten minutes be taken.

Motion put, and recess taken.

After Recess.

Meeting called to order at 2:40, with all the members present.

5. Carson and Colorado Railroad.

Mr. Ingalls moved that the valuation be placed at $2,800 per mile on the main line and $1,250 per mile on the side track.

Motion carried.

6. Eureka and Palisade Railroad.

Mr. Hooper moved to place the valuation at $1,900 on the main line and $1,000 on the side track.

Motion carried.

7. Nevada Central Railroad.

Mr. Easton—I want to tell you a little about this road, as operated at the present time. A year ago the road was running three times a week, but, on account of the lack of business, they only run twice a week at the present time. The mines at Berlin have shut down and there is very little traffic over the road. Another thing: Since the reduction to twice a week they have been carrying the mail on the stage, which takes away from the road an earning capacity of about two thousand dollars a year. It is not paying expenses. I think $1,350 would be a high valuation, and I believe they would pay that. Last year I assessed it at $1,450, and the Board raised it to $1,580, which was what it had been before. I move that we assess the main track at $1,350 and the side track at $700.

Motion carried.

Mr. Hooper—Since the Committee submitted that report, I have learned that there are two other railroads that we knew nothing of, in Lincoln County. The Assessor from Lincoln County wishes these roads to be placed on the list.

Mr. Roeder—These roads are the Quartette road, a small sixteen-mile narrow-gauge, and the other is the Pioche and Pacific Transportation road, carrying ore from Jackrabbit.

After slight discussion, the Secretary was ordered to add these roads to the list, and the valuation was left to the Assessor of Lincoln County.

Mr. Guthrie—We have a little road in my county, hardly big enough to have a name. Last year it was left to the Assessor, and I would like you to do the same this year.

Upon motion this road in Humboldt County was placed on the list, and the valuation was left to the Assessor. The road is known as the Glasgow and Western Exploration Company.

The Chairman—This completes the order of business.

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The State Controller—There is another matter to be brought before the Board. I have a letter here from Oregon, regarding the collection of county taxes by the State. The plan that they have tried there is to have each county pay its proportion of the State taxes, on a percentage basis, simplifying the collection of county taxes. I understood that such a law was in force in Oregon. I wrote inquiring about it, and this is the answer:

SALEM, OREGON, January 2, 1904.

HON. SAM P. DAVIS, *State Controller, Carson City, Nevada.*

DEAR SIR: We have your favor of the 20th ultimo, in regard to information concerning the method in this State of apportioning the State revenue.

I send you herewith a copy of an Act passed by the Legislative Assembly of 1901, prescribing the method in which the State taxes shall be apportioned between the several counties of the State, and an Act of 1903 amending the same.

You will observe that the proportion of the State taxes is apportioned among the several counties upon a percentage basis, which percentage is based on the assessments of the several counties for the five preceding years, also that the first Act provides that after 1905 apportionments shall be based upon the average amount of expenditures for a period of five years preceding. This part of the law was subsequently amended, providing that the computation based on expenditures should be made in January, 1910. This part of the law will probably never be carried into effect. From the expense statements already filed it has been demonstrated that it would make a radical change in the percentage of taxes to be paid by the different counties, and is not a satisfactory system of apportioning the State revenue. Those interested in the matter are in hopes that, in the meantime, laws will be enacted providing for the raising of State revenue by indirect sources, and it will, consequently, be necessary to raise but little from the counties by direct tax.

The law was enacted for the purpose of remedying the incentive to undervaluation by the Assessors of the different counties, with the object of throwing as much of the burden of State taxes as possible upon some other county. This incentive was always the basis of trouble in connection with equal assessments, with which you are doubtless familiar, if you have that system in your State.

The present system had the additional purpose of eliminating a State Board of Equalization—a body which has been created in various forms as a remedy to overcome the fault of unequal assessments, but which was very unpopular in this State, and the Act creating the same was repealed. The Board in this State proved to be as great a failure as the assessment system itself.

The present system of apportioning the State revenue on a percentage basis has, since its enactment, proven very satisfactory and seems to be as equitable a system as probably can be suggested. There has been no effort to change the ratio since the law was enacted, except where there has been a change in the boundary lines between two counties. The counties are beginning to increase their assessed valuations materially, during the past year some counties increasing over 100 per cent.

I send you a statement of expenses of the various counties for the year 1901, showing the percentage of expense based on county expenses and percentages fixed by law; also statements of the computation and apportionment of taxes for the years 1902, 1903 and 1901.

So far as apportioning the revenue among the several counties is concerned, the same was apportioned in a lump sum calculated upon the proportion of the total State revenue required, as the taxable property of the county bore to the total taxable property of the State, as shown by the assessment rolls of the several counties, or their summaries filed with the Secretary of State.

Under separate cover, I send you a copy of my last biennial report, which you may find of interest.

If we can furnish any other information which will be of service, will be very glad to do so. Yours respectfully,

F. I. DUNBAR,
Secretary of State.

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Now it seems to me that it would be a good scheme to pay our county taxes in a lump sum into the State Treasury, instead of computing it the old way. In Oregon and Idaho they apportion the percentage for each county according to the amount paid for the last five years, and figure from that the amount due from each county. That will greatly simplify the figuring and work between the various county offices and the Controller's office. It has also been brought before the Revenue Board of California and unanimously approved.

This will give you some idea of the difference that exists in settling the revenue between the State and the counties. There has been wrangling going on for the last twenty years. They cannot agree because each county figures under a different law, and they generally use the one that will get a little the best of the State. Sometimes they figure under an old law that has been repealed for years. We have the Attorney-General send them a written statement that the law has been repealed, and the next year they send in the same errors. We have some trouble to decide under which law we should figure. Lincoln County has been owing the State for taxes for years, and the State Board has decided to bring suit to recover some of it. Their reports are nearly always incorrect. I will read a letter that was written to Lincoln County:

CARSON CITY, NEVADA, December 29, 1903.

H. W. LEE, ESQ., *County Auditor of Lincoln County, Pioche, Nevada.*

DEAR SIR: I find that I am unable to accept a settlement of Lincoln County's indebtedness to the State for the year 1903.

My reason for this lies in the fact that you have not complied with Sections 1208–9 of the Compiled Laws, governing the settlement of taxes with the State.

You have not sent a duplicate, you have not sent the salary vouchers, nor have you sent in your report at the time fixed by law.

In addition to this you have sent a statement which falls short of a correct statement in the sum of $624.26.

I herewith submit your figures and the correct figures that you may compare them:

$479.69	$545.30
238.02	246.66
2,615.95	2,724.98
53.18	55.40
138.17	143.93
271.08	282.38
5.14	5.04
1.50	1.50
550.80	955.50
385.50	385.50
208.21	210.39
43.76	52.02
123.35	115.99
$5,450.84	$6,075.10
To balance..... 624.26	
$6,075.10	

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I have sent blanks which you will kindly make out in duplicate. Also remit sum of $6,075.10, less the salary vouchers. Very respectfully,

SAM P. DAVIS,
State Controller.

Lincoln County has been carrying on these delinquencies for some time, until they owe about $7,000. All the counties owe the State, in the aggregate, nearly $14,000. According to the Oregon law this could not happen, as each county would pay into the State Treasury just what they were called upon to pay. The counties would know what they had to pay without figuring at all. Considerable expense would be saved on the blanks that have to be sent back and forth.

The State Board of Revenue has framed an amendment to be submitted to the next Legislature, as an improvement to the present revenue law. We wished to submit it to this Board for discussion, so that it may be fully understood before it is recommended to the Legislature.

Mr. Kinney—I think there will be another meeting of the Board of Assessors before the Legislature meets, and as some of us may not be here at that time, why not wait and submit it to them?

The State Controller—We intend to submit it to the next Board of Assessors also.

After some discussion it was decided to print the proposed amendment in the report of the Revenue Board, and all matters pertaining to it be mailed to each Assessor.

Mr. Hooper—There is another matter that I would like to speak about. That is the proposed idea of reducing the county rate to 50 cents. I don't think many of the counties could stand it. In Eureka County we would have to increase the present valuation on property about 240 per cent. The cattle business may be increasing in some of the counties, but not in all of them. I think the property is assessed as high as it will stand now.

Mr. Kinney moved to adjourn.

Motion carried.

Adjourned *sine die* at 3:10 p. m., January 12, 1904.

JOHN SPARKS,
Chairman of State Board of Assessors.

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REPORT OF STATE TAX EXAMINER.

CARSON CITY, NEVADA, January 22, 1904.

To HON. JOHN SPARKS, HON. S. P. DAVIS, *and* HON. JAMES G. SWEENEY,
State Board of Revenue.

GENTLEMEN: On the 12th day of last September you appointed me State Tax Examiner, under the provisions of an Act of the Legislature of this State, approved on the 13th day of March, 1903, entitled "An Act relating to county government, and the reduction of the rate of county taxation."

Under the instructions of the Board I have visited the county seat of each county, except Churchill and Lincoln, to the latter of which the law mentioned does not apply. The purpose of my tour was to investigate revenue conditions and confer with the local revenue officials, to the end that the law might be successfully and harmoniously put into operation in the year 1904.

UNDERVALUATION OF PROPERTY.

This law is based upon the generally recognized fact that, as a rule, the valuation of the property situate within the State, as assessed for purposes of taxation, is far below its real value. Many well-informed citizens of the State have freely expressed the opinion that its actual wealth is at least three times as great as the assessment rolls indicate. While this disproportion does not exist everywhere, and while it is even true that in some localities and individual cases, property is assessed up to its full value, or above it, nevertheless it cannot be denied with any truth that, taking the State as a whole, there is a great discrepancy between the actual cash value of its property and the amount shown by the aggregate of the county assessment rolls.

This discrepancy is to be accounted for in two ways: First, by the circumstance that a great deal of personal property, such as money, credits, live stock, and other things easily concealed, or removed from place to place, escapes taxation entirely; second, a considerable undervaluation of the property that is found and placed on the assessment roll. With so much personal property avoiding taxation, nothing can be more natural than that the owners of real estate and other forms of property that cannot be concealed should desire to pay as little tax on their holdings as possible. This end is reached, or at least is sought, by a very general system of undervaluation.

It is frankly admitted by many who have had long familiarity with our State affairs that the primary purpose of actual undervaluation was to enable particular counties to avoid paying their just proportion of the State tax. If one county, or several of them, can put property values for taxation purposes below the average valuation of the other

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counties, obviously they will be paying less than their share of the State taxes. But, if the custom becomes general, all of the counties undervaluing in about the same ratio, then no advantage is gained, for the low valuation in all the counties simply makes it necessary for the Legislature to levy a higher rate, which rate applies to all the counties alike.

EVIL EFFECTS OF UNDERVALUATION.

This is the condition which confronts us, and it is productive of many evils—evils almost universally recognized and conceded. It gives the State the appearance of extreme impoverishment, which does not really exist; it leads to an unseemly scramble for advantage among the counties in efforts to avoid State taxation; it makes high tax rates an imperative necessity, and these serve as a powerful incentive to concealment and "tax dodging," to use a common phrase, on the part of the individual taxpayers.

A tax rate of three or four per cent makes it almost impossible to collect taxes on money, whether it is in hand or loaned to others. As a result of these rates the execution of mortgages has almost ceased in this State. Those who loan money on the security of real estate usually take a deed absolute, giving to the owner a bond for reconveyance. No mortgage being on record, it is extremely difficult for the Assessors to trace up money loaned. There is good reason for this form of evasion. When money is taxed, it is necessarily at its face value, while, as before stated, other forms of wealth are either greatly undervalued, or not given to the Assessor at all.

By no means the least of the evils of a high tax rate is its effect upon the investment of capital from other States. There are few subjects upon which the capitalist is more timid than that of taxation. Most of the idle capital which would naturally seek investment here is in Eastern money centers where interest rates are very low—frequently no higher than the tax rates in most of our counties. It requires a gilt-edged proposition, indeed, to induce the investment of New York or Boston capital in the face of a four, or even three, per cent tax rate.

THE COUNTY TAX REDUCTION LAW.

To remedy, in part at least, these evils, the law above referred to was enacted. Its principal feature is a graduated reduction of the county tax rates, the purpose being to force a corresponding advance of valuations, so that the same amount of revenue may be raised. The aim is not to collect more money from the taxpayers, but the same amount at lower rates, based upon higher valuations.

The law provides that in counties where the rate for county purposes, exclusive of the tax to pay the interest and maintain the sinking funds of the bonded debt of such counties, did not exceed one dollar and fifty cents on the one hundred dollars of assessed valuation in 1902 the tax rate for 1903 should not exceed that of 1902, and that thereafter the rate shall be reduced five cents on the hundred dollars of valuation, until a rate of fifty cents on the hundred dollars is reached. In counties where the rate in 1902 exceeded one dollar and fifty cents on the hundred dollars of valuation, the reduction is to be ten cents on the hundred dollars until the rate of $1.50 is reached, and thereafter the reduction is to be five cents on the hundred dollars as in the class of counties first mentioned.

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This law was intended to apply to the year 1903, but, as it was not approved until after the various Boards of County Commissioners had fixed rates for that year, the Board of Revenue has interpreted it to operate in future only, and did not seek to enforce its mandatory provisions in 1903. Still the various counties practically placed themselves in line with the law, so far as tax rates went, by seeing to it that these rates did not exceed those of 1902, which was all that the law required on this head.

The law also contains provisions prohibiting contracts or the allowance of claims against the counties when there is no money in the treasury for their payment; it provides for the levying of "emergency" taxes with the concurrence of the State Board of Revenue; for the payment, by special tax, or the funding of the floating indebtedness; prohibiting the Commissioners from contracting any floating debt, and for annual reports in addition to the quarterly reports now made to the State Controller. All of these last-named provisions are intended to effectuate the main purpose of the law, namely, the raising of valuations and the lowering of tax rates.

EFFORTS TO CREATE PREJUDICE AGAINST THE LAW.

A studied effort has been made to create a prejudice against this law, and to induce a public condemnation of it in advance of a trial. Some of the criticisms have been grossly unjust. Among other things it has been asserted, in season and out of season, that the law was in the interest of the railroads, and was so intended—that the railroad valuations have been permanently fixed, and that all the raising of values must necessarily be upon other species of property. Of course, I do not know what motives may have actuated individual legislators in enacting such a measure as the one under consideration, but I believe that in this instance the motives were altogether commendable.

What is known as the "Newlands Law," the one providing for a reduction of tax rates, in no way touches the methods of valuing property. But it is assumed that the State Board of Assessors, acting under another law, has fixed railroad valuations at figures which are not to be changed, no matter how much other property values may be raised to offset the reduction of the rates. But the law provides that these valuations shall be fixed annually, and common fairness requires us to assume that the Board will perform its duty justly and intelligently by all classes of taxpayers. The members of the Board represent all the counties of the State and every taxpayer within its borders. It is inconceivable that a Board thus constituted will be guilty of rank injustice to all other taxpayers in order to favor railroad interests. This charge, which has been so freely made, is directed at the Board of Assessors itself, rather than at the law, for there certainly is nothing in the statute which has the slightest appearance of favoring any special interests.

RAILROAD TAXATION.

In this behalf it may not be improper for me to observe that the Central Pacific Railroad, which is the main railroad interest in the State, has been advanced for taxation purposes more than $4,000 per mile since the law was enacted for the creation of a State Board of Assessors. Many think that the advance should have been greater.

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Still, the fact remains that this advance has been made, and it is worthy of note that, at the last meeting of the Board, railroads were the only properties the valuation of which was raised, which effectually disproves the charge that the valuation of railroads had been permanently fixed.

Moreover, there is no connection between the tax reduction law and the one creating a State Board of Assessors. The former merely fixes the tax rates—how much shall be paid on each hundred dollars of valuation. The latter provides a method for the determination of what the valuation is, or shall be, for the purposes of taxation. The two propositions are entirely separate and distinct. If the Assessors acting as a Board fail to do their duty, they are answerable to their constituents as they would be if they acted separately, each within his own county.

VARYING CONDITIONS IN THE SEVERAL COUNTIES.

In a fairer spirit it has also been objected to the tax reduction laws, county and town, that it is impracticable to bring to a common basis of taxation, at the rate of 50 cents on the hundred dollars, counties and towns differing so widely in wealth, population and business conditions. The fear has been expressed that the poorer counties will not be able to adjust themselves to so low a rate, without raising valuations greatly out of proportion to the raise in the richer and more prosperous counties. There is some force in this objection, and amendments may hereafter be necessary to make the laws fit local conditions. But the fifty-cent limit to which the objection is addressed is still a long way in the future to those counties which apprehend the greatest difficulty in reaching it. In a county like Nye, for example, where the rate for county purposes is $3, it will take thirty-five years to reach the fifty-cent limit. Where the rate for county purposes is $1.45, as in Ormsby, the lowest rate contemplated is nineteen years in the future. As the poorer counties nearly all have very high rates, these suggestions will serve to show that there is ample time in which to test the working of the law, before the minimum rate is anywhere near at hand in those counties. Many things may happen ere then. If it be found that the law is working hardship in certain quarters, it may be amended, as revenue laws frequently are.

It should be borne in mind, also, that the counties now the poorest may not always be so, and that new developments of great value may take place at any time. A few years ago we had no Tonopah, but we have one now, and there may be more within the boundary lines of the State. The poorest county in Nevada to-day may be the richest a few years hence. Therefore it is hardly worth while to speculate as to the ability or inability of any county to adjust itself to a tax limit which will not be reached for two or three decades, within which the most marvelous changes may take place.

LOCAL FEARS AND JEALOUSIES.

There is probably no other matter of a public nature upon which people in general are so sensitive as they are upon that of taxation. The average taxpayer, large or small, is always haunted by the fear that he will have to contribute more than his share for the support of the Government. A feeling which is so general must necessarily affect counties considered as subdivisions of the State. Accordingly it is not

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strange that, in my visits as Tax Examiner to the various counties, I have found in each the feeling that it was doing a little more than its part toward the maintenance of the State Government. In every county that I have visited the belief has been freely expressed that property therein is valued higher on the tax list than in any of the other counties. At the same time, with only a few exceptions, it has been conceded that a general system of undervaluation prevails. All, or nearly all, admit the evils of the system, and acknowledge that the law now under consideration is a step in the right direction.

STOREY COUNTY.

The least favorable conditions for the working of the law seem to be in Storey County. The county is small, and depends almost entirely upon the Comstock for support. Outside of Virginia City and Gold Hill there is very little property of value, except a few miles of railroad.

Here it is claimed that property is already assessed far above its actual cash value, and that it is both impracticable and unjust to raise it higher. The situation is further complicated by the fact that, besides the State and county tax, there was in 1902 a town tax for Virginia City and Gold Hill (which virtually constitute the county) of $1.75 on the hundred dollars, making a total tax of $4.75. Under the provisions of the Act limiting the tax rate in towns and cities, approved March 20, 1903, this town tax was reduced to $1 for 1903. The sudden cut in the rate made it necessary sharply to curtail expenses, and it could only be done by depriving the people, in part, of the city conveniences to which they had long been accustomed. This has caused some dissatisfaction there, the prevailing sentiment being in favor of retaining the conveniences, even though it involve the continuance of the old rate of taxation. I am not sufficiently familiar with Storey County conditions to feel justified in suggesting a remedy to fit this apparently abnormal case. I therefore leave that to the next Legislature, which will have the benefit of the present year's experience before being called upon to act.

With this exception, however, my tour of observation has led me to believe that all of the counties of the State can and will comply with the requirements of the law, for a number of years, at least. Thus a good beginning will have been made, and if changes are found necessary, they can be made in the light of conditions then existing.

COMPARISON OF COUNTIES.

When we turn to a specific consideration of existing tax rates and the reduction required, we find less difficulty and less hardship to the poorer counties than appears from mere general statements. As an example take Nye County again. I select that county because it has a rate for county purposes of just $3, which makes the calculation an easy one.

The law requires this rate to be reduced in 1904 to $2.90. That is to say the rate is reduced one-thirtieth—one cent on thirty. At the present rate of taxation a piece of property valued at $1,000 pays a tax of $30. At $2.90 the value would have to be raised to $1,034.48 to produce $30 in revenue.

Now, take Elko by way of comparison. There the county rate for 1903 was only 65 cents on the $100. For the present year the rate is

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60 cents. At the 65-cent rate $1,000 will produce $6.50. To raise that amount at the 60-cent rate the $1,000 property must be listed at $1,083, omitting fractions. The raise of the valuation must, therefore, be about two and a half times as great in Elko as in Nye. In Washoe County the rate in 1903 for county purposes was 80 cents on the $100. For the current year the rate will be 75 cents. In order to produce the same amount of revenue the $1,000 valuation must be raised to $1,066, nearly double the raise in Nye.

It may be interesting to insert at this point a table showing how much a thousand dollars valuation must be increased in each county, in order to offset the reduction of the rate:

TABLE.

County.	Rate, 1903.	Rate, 1904.	Raise Necessary.
Churchill	$0.85	$0.80	$62.50
Douglas	1.75	1.65	60.00
Elko	.65	.60	83.00
Esmeralda	2.10	2.00	50.00
Eureka	1.70	1.60	62.00
Humboldt	1.10	1.00	47.00
Lander	2.80	2.70	37.00
Lyon	1.00	.95	52.00
Nye	3.00	2.90	34.48
Ormsby	1.45	1.40	35.71
Storey	2.20	2.10	47.00
Washoe	.80	.75	66.66
White Pine	2.60	2.50	40.00

The foregoing table shows that, taking the counties as a whole, the average raise of valuation must be a fraction more than $52 on each one thousand dollars valuation—a trifle more than 5 per cent, ranging from 3.4 per cent in Nye to more than 8 per cent in Elko.

POOR COUNTIES AT A DISADVANTAGE.

Of course, a poor county is always at a disadvantage compared with a rich one. Elko has a great advantage over Nye, Lander, and White Pine. In the first-named county a thousand dollars worth of property pays $6.50 in county taxes, while in the other three, averaged, property of the same value must pay $28 for county purposes. This, however, is altogether apart from the question of reducing the rate as contemplated by the law now under consideration. As already stated the system of undervaluation is general, and exists in the poorer counties as well as the richer ones.

The purpose of the law is to raise values in all the counties and the enforced reduction of the rate seems well calculated to produce the desired result.

EVILS FEARED FROM THE LAW ARE FAR IN THE FUTURE.

In my tour of the various counties the main objection I have encountered is based upon the feeling that a raise of values in a given county will throw upon that county more than its share of the State tax. It is urged, and with some reason, that, while Elko and Washoe Counties will soon be down to the 50-cent limit—the former in three years and the latter in six—it will take Eureka twenty-two years to get there,

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during all of which time there must be a steady increase of value. Other counties will be still longer in reaching the limit. This brings up again the point I have already touched, namely, that the evils feared are mostly some distance in the future. It is quite clear that no county has been hurt yet, and it is by no means certain that any ever will be. While it is true that the great counties of Elko and Washoe are nearer the rate fixed by the law as a permanent limit of taxation, it by no means follows that they will stop reducing when the 50-cent rate is reached. They are not obliged to stop there, and it will be to their interest to make the rate as much lower as the conditions will warrant. They have lowered the rates without compulsion to 65 cents and 80 cents respectively, and there is no reason to doubt that they will carry those rates below the 50-cent limit if possible. Hence, there is no occasion to borrow trouble now over what may take place in the remote future.

CHANGES SUGGESTED.

Many suggestions have been made to me of changes which may be necessary for the smooth and equitable working of the law. Among these is one for the creation of a State Board of Equalization, whose duty it should be to equalize values throughout the State so that substantial justice may be done to all the counties and no one required to contribute more than its share to the support of the State Government. Another, which seems to find favor with the State Controller, is that each county shall be assessed a certain percentage of the total amount required by the State. This, of course, supposes that the relative wealth of the various counties has been first ascertained in some satisfactory way. The advantage claimed for this method is that it leaves no room for dispute and conflicting claims between the State and the counties, growing out of the apportionment of taxes. The system has recently been adopted in Oregon and seems to be working satisfactorily there.

Other suggestions relate to the election of Assessors, their eligibility to a second consecutive term, allowing them deputies so that their duties may be more efficiently performed, and the powers of the Board of County Commissioners acting as Boards of Equalization. Many of these, and particularly the one relating to the assessment of counties by percentages, may be worthy of careful consideration; but I hardly feel that it comes within the scope of my duty to make any specific recommendation concerning them. They are matters collateral and incidental to the law under which I was appointed, the main object of which is to raise valuations and lower tax rates. No test whatever has yet been made of the law. When the Legislature convenes next year the measure will have had one year's trial. To that extent we shall be able to note its workings, and see more clearly what other changes in the revenue laws may be needed.

INCREASE OF VALUATIONS IN 1903.

Without any forced reduction of rates, the assessment rolls of the different counties for 1903 show an aggregate increase of nearly $3,000,000 over 1902. It is probable that the current year will witness an equal, if not greater, increase. This will enable the next Legislature to make a substantial reduction of the State rate, and very materially relieve the situation in those counties where the burden of taxation

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presses most heavily. It will also remove one objection to the law that has been quite strongly urged, namely, that it reduces county rates without touching the State rate, as a result of which, if values are raised, the State will collect more revenue than it needs. But the State rate was reduced in 1903, and there is no reason to doubt that the Legislature of 1905 will make such further reductions as revenue conditions will justify.

All in all, I regard the conditions as favorable for this scheme of tax reform. Taken as a whole, the State is upon the up grade, and, if there is an earnest and honest effort along the line of these tax reduction laws, I see no reason why the results should not be highly beneficial. The graduated reduction of the tax rates, with whatever raising of values may be necessary, will, in a very few years, greatly improve the condition of the State, whether viewed from a business or revenue standpoint. To so desirable an end all classes of taxpayers should lend a helping hand, and be prepared to make reasonable concessions in the matter of listing their property for taxation. If all act fairly, the work will be easy, and injustice will be done nowhere.

TOWN TAXATION.

On the subject of town taxation a few words will suffice. All the cities and towns of the State are within the limit of one dollar, the maximum rate allowed by law. No regularly organized city governments exist—except in Reno and Carson City. In all the other cases the towns are governed by the County Commissioners and the county officials act as town officials also. Except in Virginia City and Gold Hill, which are consolidated, there seems to be no difficulty in the way of reducing the rate of taxation to the 50 cents prescribed by the law. Some of them are even now below the limit. Virginia City and Gold Hill share the difficulty of Storey county, to which I have already sufficiently adverted.

All of which is respectfully submitted.

H. F. BARTINE,
State Tax Examiner.

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THE OREGON SYSTEM OF STATE TAXATION.

Following is the proposed amendment to the revenue law, as submitted by the State Revenue Board:

"The Assessors of the several counties of the State, at their annual meeting at Carson City, shall fix the percentage of tax which each of the several counties of the State shall pay into the State Treasury, said percentage being fixed for the year 1905, and each year thereafter, upon the average taxes paid by each county during the five years preceding.

"Where it is deemed advisable to depart from this method of computation and raise or lower a county arbitrarily, it shall require a vote of ten Assessors to fix such percentage.

"After the percentages have been fixed by said Board of Assessors they shall file the same with the State Board of Revenue, and after the adjournment of the Legislature said Board shall figure from such percentages the amount due from each county of the State, as its proportion of the State tax for the ensuing year, and shall file the same with the State Controller.

"The State Controller shall then notify each county through its Auditor of the amount due the State and the same shall be forwarded to the State Treasurer in semi-annual installments, as now provided by law."

On the following page is a table showing the method of computing the amount of taxes to be paid to the State by the various counties in Oregon under the law now in force.

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TABLE SHOWING OREGON SYSTEM OF STATE TAXATION.

Counties.	Per cent of the State taxes to be paid by the several counties.	Amount of revenue for State purposes, to be raised by taxation and apportioned to each county, to be levied, collected and paid into the State Treasury.
Baker	.0234	$28,080.00
Benton	.0202	24,240.00
Clackamas	.0335	40,200.00
Clatsop	.0212	25,440.00
Columbia	.0106	12,720.00
Coos	.0203	24,360.00
Crook	.0130	15,600.00
Curry	.0040	4,800.00
Douglas	.0345	41,400.00
Gilliam	.0087	10,440.00
Grant	.0092	11,040.00
Harney	.0160	19,200.00
Jackson	.0314	37,680.00
Josephine	.0090	10,800.00
Klamath	.0115	13,800.00
Lake	.0107	12,840.00
Lane	.0462	55,440.00
Lincoln	.0055	6,600.00
Linn	.0526	63,120.00
Malheur	.0094	11,280.00
Marion	.0613	73,560.00
Morrow	.0095	11,400.00
Multnomah	.3123	374,760.00
Polk	.0307	36,840.00
Sherman	.0087	10,440.00
Tillamook	.0087	10,440.00
Umatilla	.0490	58,800.00
Union	.0223	26,760.00
Wallowa	.0073	8,760.00
Wasco	.0234	28,080.00
Washington	.0301	36,120.00
Wheeler	.0067	8,040.00
Yamhill	.0391	46,920.00
Totals	1.0000	$1,200,000.00

THE SYSTEM AS APPLIED TO NEVADA.

Computing the taxes paid by the different counties of Nevada during the past five years, on the percentage system in vogue in Oregon and Idaho, the amount would be arrived at by the following table of figures:

Years.	Churchill.	Douglas.	Elko.	Esmeralda.	Eureka.
1899	$5,934.43	$8,089.35	$47,813.51	$5,728.58	$14,215.48
1900	5,994.85	8,431.35	52,762.37	5,804.73	15,540.50
1901	6,321.57	7,560.12	53,177.66	5,362.27	12,307.86
1902	8,330.91	7,217.59	56,122.36	5,664.76	12,288.62
1903	8,699.91	6,942.52	58,456.91	6,641.91	11,997.63
Total	$35,281.67	$38,241.20	$268,332.81	$29,202.25	$66,350.09
Average	7,056.33	7,648.24	53,666.56	5,840.45	13,270.01

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THE SYSTEM AS APPLIED TO NEVADA.

Years.	Humboldt.	Lander.	Lincoln.	Lyon.	Nye.
1899	$35,225.07	$11,629.67	$3,185.17	$10,255.33	$371.75
1900	38,018.57	11,066.38	5,276.99	10,989.84	3,121.94
1901	39,884.60	9,561.10	7,118.66	11,713.54	7,753.80
1902	41,383.90	11,150.33	6,032.23	12,901.98	1,680.70
1903	42,190.52	9,926.01	6,075.10	13,874.49	10,002.97
Total	$196,662.66	$53,333.49	$27,688.15	$59,735.18	$22,931.16
Average	39,332.53	10,666.69	5,537.63	11,947.03	4,586.23

Years.	Ormsby.	Storey.	Washoe.	White Pine.
1899	$12,250.71	$10,580.61	$48,586.33	$5,348.33
1900	12,414.10	11,662.33	59,959.57	5,375.31
1901	10,242.34	10,986.41	52,121.12	5,141.71
1902	9,150.21	8,384.40	52,703.54	5,060.54
1903	9,104.90	7,736.78	59,284.45	5,770.96
Total	$53,162.26	$49,350.53	$272,655.01	$26,696.85
Average	10,632.26	9,870.10	54,531.00	5,339.37

Figuring on a percentage basis, the sum of $250,000, the average cost of running the State Government per annum, is made the basis of computation.

The following table shows what percentage of State taxes each county would pay, based upon the average for the past five years, under the Oregon system:

Churchill	.032	$8,000.00
Douglas	.034	8,500.00
Elko	.216	54,000.00
Esmeralda	.024	6,000.00
Eureka	.054	13,500.00
Humboldt	.160	40,000.00
Lander	.044	11,000.00
Lincoln	.028	7,000.00
Lyon	.050	12,500.00
Nye	.020	5,000.00
Ormsby	.046	11,500.00
Storey	.046	11,500.00
Washoe	.222	55,500.00
White Pine	.024	6,000.00
	1.000	$250,000.00

The amounts would vary as the legislative appropriations rose or fell, but the percentage would remain the same.

Where the percentage was made to vary it would be in a case where some unexpected development in a county, which brought it sudden prosperity, and this was contrasted with a material falling off of business or natural resources in some other county, the State Board of Assessors, under the proposed law, could, by a vote of ten in the affirmative, reduce the rate of percentage on one county and add it to

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the more prosperous county as the shortest method of equalizing the changed conditions.

It will be observed that the foregoing table is figured on a basis of a yearly expenditure of $250,000, with the amounts charged against each county in round numbers.

With more exact figuring and a further extending of the percentage the following table is given, based upon the average annual expenditures of the State during the past five years as $239,924.62:

Churchill	.02941	$7,056.33
Douglas	.03187	7,648.24
Elko	.22368	53,666.56
Esmeralda	.02438	5,840.45
Eureka	.05539	13,270.00
Humboldt	.16393	39,333.53
Lander	.04445	10,666.69
Lincoln	.02308	5,537.63
Lyon	.04979	11,947.03
Nye	.01911	4,586.23
Ormsby	.04431	10,632.45
Storey	.04113	9,870.10
Washoe	.22728	54,531.00
White Pine	.02225	5,339.37
	1.00006	$239,924.62

The suggestions made in this report are for the consideration of the next annual meeting of the State Board of Assessors, and for discussion prior to submitting them to the next session of the Legislature. The aim of the Board is to simplify as much as possible the present complicated system of taxation.

With this idea in view the Board would be glad to receive communications from any taxpayer in the State relative to the best method of levying and collecting taxes, so as to give each and every taxpayer, whether poor or rich, the same rights under the law as every other taxpayer, that the burdens of maintaining the expense of government may be equally and fairly distributed without fear or favoritism.

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